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## **Governor Jan Brewer, AHCCCS Director Betlach File Response in Proposition 204 Litigation**

### *State Asks Arizona Supreme Court to Deny Plaintiff's Special Action and Request for Injunction*

PHOENIX – Governor Jan Brewer and AHCCCS Director Tom Betlach today filed their response to a lawsuit brought against the state for its actions to reduce Medicaid spending in order to balance the budget.

In today's legal filing, the Governor's legal team argues that the petitioner's suit has no constitutional or statutory backing. The petitioner's legal action amounts to an attempted takeover of the authority of elected officials to set the state's fiscal priorities.

"Elected officials have to balance many vital state interests with limited resources," said Governor Brewer. "Medicaid has been growing at an unsustainable rate, so the Legislature and I took necessary and legal action to rein-in this spending and ensure that other necessary state services are not further impacted."

Today's filing is a response to a Special Action Petition filed in recent weeks in the Arizona Supreme Court. That lawsuit argues that the Legislature must essentially appropriate unlimited funds to satisfy the provisions of Proposition 204, which provides health care for low-income Arizonans. Faced with a significant budget shortfall, and in light of Medicaid expenses that have climbed 65 percent in just four years, Governor Brewer and the Legislature have enacted a comprehensive set of Medicaid reforms that include a freeze on future enrollment, while ensuring that existing AHCCCS members maintain their coverage.

Without the savings made possible by these reforms, literally hundreds of millions of additional dollars would have been cut this year from other critical state services, including education, prisons, fire suppression and public safety.

The Medicaid reform plan formulated by the Governor and AHCCCS Director Tom Betlach is reasonable and unquestionably necessary in these times of prolonged budget crisis. The plan also does not violate the provisions of Proposition 204.

As proposed to voters in 2000, Proposition 204 was to be funded with federal Tobacco Litigation Settlement Funds. Those funds have been insufficient to cover the full cost of the program since 2004, and state General Fund dollars have been tapped to make up the difference. While the state has the ability to use General Fund dollars for Proposition 204, that decision remains at the discretion of the Legislature. The

Arizona Constitution ensures that the Legislature has the “power of the purse,” and other interests may not bind any future Legislature in its ability to establish the state budget and make necessary financial decisions.

“At its heart, this legal battle is about fundamental constitutional principles and ensuring that elected officials maintain their authority to make difficult financial decisions for the State of Arizona,” said Governor Brewer. “The petitioners in this lawsuit are attempting to strip legislators of that authority, which would violate the Arizona Constitution and Arizona statutes.”

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